

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE QUARTERLY
INTERIM FEE APPLICATION OF NORTON ROSE OR LLP FOR
THE PERIOD FROM APRIL 1, 2011 THROUGH JUNE 30, 2011**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Quarterly Interim Fee Application of Norton Rose OR LLP for the Period from April 1, 2011 through June 30, 2011 (the "Application").

BACKGROUND

1. Norton Rose OR LLP ("Norton Rose"), formerly known as Ogilvy Renault LLP, was retained as special counsel to the Debtors and Debtors-in-Possession in Canada. In the Application, Norton Rose seeks approval of fees totaling CDN \$39,922.00 and expenses totaling CDN \$665.57 for its services from April 1, 2011 through June 30, 2011 (the "Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2011, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C.

§ 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Norton Rose based upon our review, and we received a response from Norton Rose, portions of which response are quoted herein.

DISCUSSION

3. We note for informational purposes that Norton Rose billed the time of attorney Derrick Tay at CDN \$1,100.00.¹ Mr. Tay billed 3.60 hours for total fees of CDN \$3,960.00 during the Application Period. In *In re USG Corporation*, Case No. 01-2094 (JKF), Transcript of Proceedings, July 19, 2004, p. 14, the Honorable Judith K. Fitzgerald asked that we call to the Court's attention any instance in which a professional's hourly rate reaches \$1,000.00, and thus we are complying with the Court's request.

4. We noted that on April 8, 2011, attorneys Derrick Tay (CDN \$1,100), Orestes Pasparakis (CDN \$800), Adrienne Glen (CDN \$310), and Vasuda Sinha (CDN \$260) attended a hearing. The total time spent was 16.90 hours, for total fees of CDN \$9,805.00.

04/08/11	OP	6.10	4,880.00	Preparing for court (2.50); attending court and making argument (3.60);.....
04/08/11	VS	4.80	1,248.00	Preparing for and attending at recognition motion.
04/08/11	AG	3.70	1,147.00	Preparing for court hearing regarding recognition of U.S. confirmation order (1.20); attending court hearing (2.50).
04/08/11	DCT	2.30	2,530.00	Attending court to obtain recognition order.

Paragraph II.D.5. of the U.S. Trustee Guidelines provides: "If more than one professional from the applicant firm attends a hearing or conference, the applicant should explain the need for multiple

¹Or \$1,131.34 in US dollars based on the rate of exchange then in effect.

attendees.” We asked Norton Rose to explain why it was necessary for each attorney to attend the hearing, and Norton Rose responded as follows:

The above-noted time entries all related to the hearing of a motion (the **Motion**) at the Ontario Superior Court of Justice (Commercial List) (the **Court**) to obtain an order recognizing and giving effect to, in Canada, the order made January 31, 2011, as clarified by the order made February 15, 2011, by the Honourable Judge Fitzgerald of the United States Bankruptcy Court in the State of Delaware providing for, *inter alia*, confirmation of the First Amended Joint Plan of Reorganization² under Chapter 11 of the Bankruptcy Code of W.R. Grace & Co., *et al.*, the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants’ Representative, and the Official Committee of Equity Security Holders as modified through December 23, 2010 (the **Plan**). A copy of the order obtained on April 8, 2011 (the **Recognition Order**) is attached as (Response) Exhibit “1”.

The Motion hearing on April 8, 2011 was important as the Recognition Order is a condition precedent to the effectiveness of the Plan, as well as to the CDN ZAI Minutes of Settlement. The Motion was opposed by the Crown. Both Ms. Glen and Ms. Sinha prepared various parts of the Motion materials for the hearing. As such, each had specialized knowledge of different aspects of the Motion, including knowledge of the supporting documents and law (and their location within the Motion materials). The presence of both attorneys was required in order to assist the lead counsel, being Mr. Tay and Mr. Pasparakis, during the hearing.

Further, given the importance of the Motion and in light of the Crown’s opposition, it was important that the Motion be argued by both Mr. Tay and Mr. Pasparakis (who were present to address different portions of the detailed argument). Mr. Tay and Mr. Pasparakis have been the lead counsel on this case in Canada since its inception and both have extensive knowledge and expertise in this matter.

We accept Norton Rose’s response and have no objection to these fees.


CONCLUSION

5. Thus, we recommend approval of CDN \$39,922.00 in fees and CDN \$665.57 in expenses for Norton Rose’s services for the Application Period.

²All capitalized terms not otherwise defined in this response shall have the meanings ascribed to such terms in the order of The Honourable Justice Morawetz, dated April 8, 2011.

Respectfully submitted,

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 18th day of October, 2011.


Warren H. Smith

SERVICE LIST

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